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SUBJECT: SOLID ECONOMIC TEAM TAKES OVER MINISTRY OF ECONOMY

¶1. (U) On September 18, Alvaro Garcia replaced Danilo Astori as Uruguay's Minister of Economy and Finance, allowing Astori to begin in earnest his campaign for the Presidency. In his market-friendly inaugural speech, Garcia committed to continue sound macro policies and fight inflationary pressures, which he saw as a precondition to consolidate economic stability, improve the business climate and attract foreign investment. According to Garcia, the above conditions are vital to establish income distribution policies that will make Uruguay a "more cohesive and fair" country. He plans to support research and development, incorporate knowledge into exports of goods and services, promote entrepreneurial skills and strengthen the development of small and medium firms. Astori meanwhile, will begin his campaign for President in earnest; he is one of the current favorites to win the governing Frente Amplio's nomination next June.

¶2. (SBU) Garcia's public statements yesterday echo what he told Ambassador during a courtesy call in July shortly after he had been named as Astori's replacement.

GARCIA'S PROFILE

¶3. (SBU) Garcia, 45, is trained as an economist and a member of the Socialist Party. He is married and has two children. From June 2005 through April 2008 he was president of Uruguay's National Development Corporation (CND in Spanish), a traditionally ill-run institution that is widely recognized to have improved under his leadership. Since April 2008 Garcia has worked in the creation of the National Agency for Innovation and Research (ANII in Spanish), reportedly per President Vazquez' request. From 2002 through 2005 he worked as Manager of Planning and Costs Control Division at Pirelli's Cabos Energy and Telecommunications Company in Sao Paulo, Brazil. From 1986 through 2002 he worked as Accountant, Chief of the Accountancy Division, and Manager of Administration and Finance at Pirelli-owned firm Citesa.

¶4. (SBU) EDUCATION AND TEACHING EXPERIENCE: Garcia earned his Public Accounting degree at Universidad de la Republica in 1985 and his Postgraduate in Finance degree from ORT University in 1995. From 1995 through 2002, he taught Accountancy and Pricing, Superior Accountancy I and Superior Accountancy II at Universidad de la Republica and Universidad Catolica. In 2006 he taught Managerial Accountancy at Universidad ORT.

¶5. (SBU) PERSONAL INTERESTS AND LANGUAGE SKILLS: An accomplished musician, Garcia prepared lyrics and music for Uruguay's carnival from 1989 through 2004. His lyrics have been performed by several well-known local artists. He has himself performed in some recordings. He is fluent in Spanish and Portuguese. He makes an effort to speak English but is not fluent.

DEPUTY MINISTER MASOLLER'S PROFILE

¶6. (SBU) Incoming Deputy Minister Andres Masoller previously served at the ministry's Macroeconomic Advisory Unit and Central Bank as Chief of the Economic Analysis Division of the. Born on April 9, 1964, he graduated as an Economist from the University of the Republic in Uruguay. He holds a PhD in Macroeconomics, Finance and

International Economics from the University of California (UCLA) in Los Angeles, where he was a Fulbright grantee. He has taught International Finance at the University of the Republic and is author of several publications.

PROFILE OF NEW DIRECTOR OF MACROECONOMIC ADVISORY UNIT

¶7. (SBU) Michael Borchardt, who will be the new director of the Macroeconomic and Financial Advisory Unit -- one of the Ministry's key policy making offices-- has been working in the unit since 2005. He previously worked at the Central Bank and CERES, a market-oriented economic think tank with a reputation for independence.

LOCAL REACTION

¶8. (SBU) Businessmen who know him well described Garcia as ideologically on the left, but pragmatic and more open to some degree of privatization than many of his Frente Amplio cohorts. He is considered a very effective speaker. Many expect Garcia will not be as independent as Astori, and will be more likely to respond to direct requests from the President. One said Garcia only made "exceptions" to the approval process at CND on three occasions, responding directly to requests by President Vazquez. They expect his tenure will keep the Ministry on "auto pilot" until President Vasquez' term expires in March 2010.

COMMENT

¶9. (SBU) We expect Garcia will do exactly as he says and maintain the sound economic policies of his predecessor. He will be able to dodge the inevitable pressure for new spending, since after October there is an election year moratorium on budget increases. We expect continued good access at the Minister as Garcia has proven quick to search out the Ambassador and emboffs at social functions.

BAXTER